

Corporate Credit Rating

Insurance Trade

Update

KIBRIS SİGORTA ŞTİ. LTD. CYPRUS INSURANCE CO. LTD.		Long Term	Short Term
International	Foreign currency	BB-	B
	Local currency	BB-	B
	Outlook	Positive	Stable
National	Local Rating	A (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign currency	BB	B
	Local currency	BB	B
	Outlook	Stable	Stable

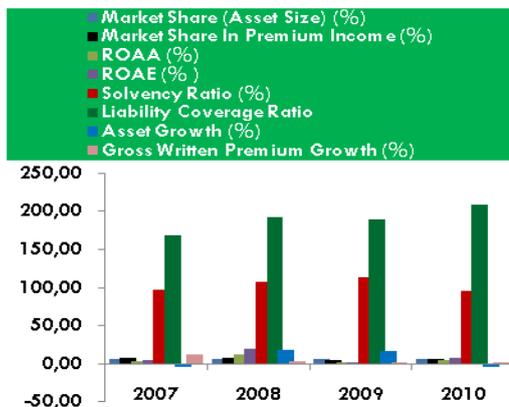
*Affirmed by Japan Credit Rating Agency, JCR on February 21, 2011

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Strengths

- A qualified and state owned weighted shareholder structure
- High capability to meet liabilities in terms of equity and adequacy ratios with a paid-in capital amount above legal requirements
- Improving liquidity ratios which is already in line with international reference values and compliant with local regulations
- Ongoing downward trend in overall loss and combined ratios with low loss ratio levels in all branches except that of motor vehicles
- Improvements in the portfolio structure on behalf of branches with relatively low loss ratio levels
- Solid financial position providing a basis for higher profitability
- Risk avoider investment and underwriting management policies with their risk mitigation effect of global economic crisis
- Recognition by international insurance associations (i.e., F.A.I.R. membership) and having a worldwide reinsurance network

Constraints

- Ongoing contraction in market share over the last five years deriving from continuously below sector average asset growth rate
- Minority of non-technical income-generating investments and activities inherent in the sector
- Unfair competitive practices in the sector
- Relatively high reinsurance retention (conversion) ratio deriving from risk bearer but more profitable strategic management preference
- Relatively equal amounts of GWP over the last four years indicating more effective marketing needs
- Difficulties in accessing national and sectoral data which is not timely shared or disclosed to the public in detail by the sovereign authority
- Inadequacy in the fundamental issues of Corporate Governance Practices

KIBRIS SİGORTA ŞTİ. LTD. Cyprus Insurance Co. Ltd.					
Financial Data	2010*	2009*	2008*	2007*	2006*
Total Assets (000 USD)	4,064	4,345	3,683	4,088	3,494
Total Assets (000 TL)	6,281	6,542	5,605	4,739	4,911
Equity (000 TL)	3,640	3,436	3,442	2,977	3,009
Net Profit (000 TL)	204	6	465	72	1,004
Technical Profit (000 TL)	2,071	1,218	1,760	1,385	1,645
Premium Income (000 TL)	9,253	9,099	9,093	8,790	7,777
Market Share in Premium Income (%)	6.25	5.60	7.85	8.43	9.92
Market Share in Asset Size (%) **	5.78	6.04	6.03	6.61	8.13
ROAA (%)	4.35	0.29	12.18	2.68	33.28
ROAE (%)	7.88	0.52	19.63	4.33	62.14
Solvency ratio (%)	96.28	113.45	106.99	96.50	91.48
Liability Coverage Ratio (%)	208.77	189.23	193.01	168.21	201.71
Asset Growth Rate (%)	-3.98	16.70	18.29	-3.50	19.44
Gross written premium Growth (%)	1.69	0.07	3.45	13.02	09.96

*End of year ** Non-Life only

Overview

Kibris Sigorta Şti.Ltd. (Cyprus Insurance Co.Ltd., hereafter, Kibris Sigorta or the Company) began to provide non-life insurance services in 1995 in the Turkish Republic of Northern Cyprus (TRNC) with a qualified and state owned weighted founder shareholding structure, including the State Development Bank, E.T.I. Enterprises Ltd. and Vakıflar Bank Ltd..

Kibris Sigorta, with a total of 46 agents (corporate: 26, individual: 20) spread throughout the 4 cities; Lefkoşa, Gazi Magusa, Güzelyurt and Girne, is ranked third in terms of 'gross written premiums (GWP) + other (net) technical income' amongst the 28 non-life insurance companies operating in the TRNC. Additionally, the Company signed a strategic partnership agreement with Halkbank (a state owned bank in Turkey) in 2009 to offer insurance services through the Bank's branches in the TRNC and through Halk Sigorta (an affiliate of Halkbank) in Turkey. Moreover, the Company is one of 194 members of the Federation of Afro-Asian Insurers and Reinsurers (F.A.I.R.), established in 1964, which promotes cooperation among insurance and reinsurance companies in 52 states in Africa and Asia.

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"Global Knowledge supported by Local Experience"